REMARKS

Claims 1 and 3-12 are in the application, with Claim 1 having been amended, and with claim 2 and non-elected Claims 13-19 having been cancelled. Claim 1 is the only independent claim remaining herein. No new matter has been added. Reconsideration and further examination are respectfully requested.

Applicant hereby affirms election of claims 1-12 for examination.

Doubling Patenting

Claims 1-12 are provisionally rejected on the ground of non-statutory obviousness-type double patenting as being unpatentable over claims 1-12 of copending Application No. 10/730,224 (Lawrence).

Applicant has repeated, above, language from the present Office Action[1], but nonetheless applicant is somewhat confused about the way this rejection was presented. Although the actual statement of the rejection indicated that it was a non-statutory double patenting rejection (and hence resolvable by filing a terminal disclaimer), the two introductory form paragraphs (at page 5, paragraph 1, of the pending Office Action) referred to a statutory (§ 101) double-patenting rejection. Thus it is not entirely clear to applicants whether the Examiner intended to apply a statutory or non-statutory double patenting rejection.

In any case, in applicant's view, if any double patenting rejection in regard to the '224 patent application is in order, it would have to be a non-statutory double patenting rejection, inasmuch as claims 1-12 of this application are not drawn to identical subject matter in relation to claims 1-12 of the '224 patent application. It is applicant's intention to file a terminal disclaimer in this application, if necessary to complete placing this application in condition for allowance.

Thus, in response to this rejection, applicant respectfully requests that the Examiner clarify whether a statutory or non-statutory double patenting rejection is intended.

[1] Page 5, paragraph 2, first sentence.

Claim Rejections – 35 USC § 103

Claims 1 and 5 are rejected under 35 U.S.C. 103(a) as being unpatentable over Maltzman U.S. Publication No. 2002/0107779 in view of Moshal et al. U.S. Publication No. 2001/0042041 and further in view of Sheehan et al. U.S. Publication No. 2001/0049647. Moreover, since claim 2 has been canceled, and its limitations (and another limitation) have been incorporated into claim 1, it is relevant to the ensuing discussion of the patentability of claim 1 that former claim 2 was rejected under 35 U.S.C. 103(a) as being unpatentable over Maltzman in view of Moshal et al., further in view of Sheehan et al., and further in view of Atkinson et al. U.S. Publication No. 2001/0021923.

Claim 1 is directed to a "computer implemented method for allocating shares of stock comprising an initial public offering". The method recited in claim 1 includes "offering in a computer system, a subset of the shares to one or more pre-auction bidders at a pre-auction price" and "receiving into a memory in the computer system, an indication from the one or more pre-auction bidders accepting the offer for the shares at the pre-auction price". The method of claim 1 further includes "publishing in the computer system, information descriptive of one or more pre-auction sales of shares comprising the initial public offering". In addition, claim 1 specifies that "said information descriptive of the pre-auction sales of shares includ[es] the pre-auction price and identification of bidders who bought shares at the pre-auction price". Finally, claim 1 includes the method steps of "accepting into the memory in the computer system, the offer for shares at the pre-auction price" and "auctioning with a processor in the computer system, the remaining shares".

In addition to incorporating limitations of claim 2 (as noted above), claim 1 also now explicitly provides that the published information descriptive of the pre-auction sale of shares includes "identification of bidders who bought shares at the pre-auction price". Support for this limitation is found, for example, at page 7, lines 18-23 of the specification of the present application.

It could be said that the method recited in claim 1 is a novel and unobvious application of the dictum from Louis Brandeis that "[s]unlight is the best disinfectant". The present invention addresses scandals that arose in connection with initial public offerings during the dot-com

bubble. Among other concerns, it appeared in some cases that investment banks favored corporate officials with allocations of "hot" IPO stocks, with the expectation that the favored corporate officials would obtain large profits from quick increases in the stocks after issuance. It was supposed that, in turn, the corporate officials would direct corporate underwriting or other business to the investment banks. As discussed at page 1, line 11 to page 2, line 17 of the specification of this application, it has been believed that these practices could amount to bribery of corporate officials by their investment bankers. This could distort the market for investment banking services, while also potentially preventing issuers of the IPOs from raising the maximum amount of capital due to possible underpricing of IPOs.

One obvious, known way of overcoming this concern would be to price the shares via a public auction. However, such an approach may not generate sufficient market enthusiasm to maximize the price obtained. According to the present invention, a public auction of a portion of the IPO shares is preceded by sale of part of the IPO at a price set by the issuer/investment bank. The sale at a set price before the auction may stimulate interest and superior pricing in the subsequent auction. To deter abuse and provide transparency for the pre-auction set-price sale, the identities of buyers in the pre-auction sale (along with the sale price, of course) are published to the market, as now clearly recited in claim 1. In addition to providing transparency, the identities of the pre-auction buyers (assuming at least some of them are prominent and/or institutional investors with good track records) may build confidence and interest in the subsequent auction, leading to favorable prices at auction for the issuer.

This type of approach to an IPO, with transparency and market building in a first pre-auction sale stage, full disclosure of the pre-auction sale, followed by a subsequent auction, has never been employed for IPOs. Moreover, such an approach is in no way suggested by the prior art applied by the Examiner.

It is respectfully proposed by the applicant that the Examiner, in employing Maltzman as the primary reference, has allowed himself to become a prisoner of keyword searching. Although Maltzman's text includes the words "pre-auction" and "auction", in fact the reference has no real bearing on the subject matter of the claims. Maltzman is not concerned with securities or IPOs. Rather Maltzman is directed to an online website of the type (e.g., eBay) used to auction and sell collectibles, household items or other types of tangible goods.

Maltzman's website is to be used for individual to individual or business to consumer retail sales, and has nothing whatsoever to do with corporate finance or public common stock offerings. Still further, Maltzman's disclosure of a website function that allows for outright sale of a tangible item prior to a scheduled online auction of the item does not in any way teach or suggest the IPO strategy set forth in claim 1, including publishing identification of buyers of shares at the pre-auction price.

Given that Maltzman is essentially unrelated to the field of endeavor of the present invention, it is not surprising that the Examiner's attempted replication of claim 1 via a combination of Maltzman with other references suffers from major flaws.

For example, in his assertion[2] of the obviousness of claim 1, the Examiner states:

> …[I]t would have been obvious to one of ordinary skill in the art at the time of this invention to combine the methods and systems of Maltzman, Moshal et al. and Sheehan et al.
>
> One of ordinary skill in the art would be motivated to do so in order to increase the chances of selling the shares at the average minimum share price stipulated by the issuer. The pre-auction offering will give the issuer an idea of the shares['] value on the open market and allow the sale to continue or be cancelled.

First of all, the alleged motivation to combine is a clear exercise of hindsight, inasmuch as it is lifted from the disclosure of the present application. (See, e.g., page 3, lines 17-18; page 8, lines 13-17.) No such teaching is present in the references—certainly not in Maltzman, which has nothing to do with IPOs or corporate finance, nor in Moshal, which merely notes in passing the well known phenomenon of IPOs by Dutch auction, nor in Sheehan, which like Maltzman is concerned with auctioning tangible items online, not securities, and which merely teaches (in its most nearly relevant part) holding a private auction before a public auction.

As another way of making this same point, applicant raises the question, what "shares" is the Examiner referring to in the above-quoted passage? There are no "shares" mentioned in Maltzman or Sheehan, and Moshal refers only to Dutch auction IPOs, without any such teachings as set forth in the second of the two above-quoted paragraphs.

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[2] Bottom of page 7 to top of page 8 of the present Office Action.

But most significantly, and bearing in mind the above-indicated amendment to claim 1, the prior art taken as a whole does not come close to teaching claim 1's IPO process including (a) pre-auction sale, followed by (b) publication of pre-auction sale information, including identification of the bidders in the pre-auction sale, followed by (c) auction of remaining shares. The Examiner's plucking of isolated words and concepts from several patents, largely unrelated to the present subject matter, falls far short of adding up to a *prima facie* case of obviousness with respect to claim 1. Particularly lacking in the prior art taken as a whole is the publication of the identities of buyers of shares in a pre-auction sale stage of an IPO[3]. It is therefore respectfully requested that the rejection of claim 1, the sole independent claim, be reconsidered and withdrawn.

Claims 2-12 are dependent on claim 1 and are submitted as patentable on the same basis as claim 1. In addition, applicant will now make comments on other secondary, but still important, flaws in the rejections promulgated by the Examiner.

(A) Regarding the rejection of former claim 2 (now folded into claim 1), applicant does not see how Atkinson's disclosure of data concerning suppliers permitted to bid in a future auction, is relevant to published information concerning buyers in an earlier sale of securities. There is no meaningful analog or relevant teaching in Atkinson with regard to the IPO process set forth in claim 1. Atkinson certainly would not suggest to those skilled in the art of corporate finance to publish identities of the buyers of shares in a pre-auction sale stage of an IPO.

(B) Further regarding the rejection of former claim 2, in his statement of an alleged motivation to combine references set forth at the bottom of page 9 of the present Office Action, the Examiner has again fallen headlong into the trap of hindsight. The notion of helping auction buyers ascertain the value of "items" based on an earlier sale and the influence and reliability of pre-auction bidders is (similar to the passage at the bottom of page 7 to the top of page 8 of the present Office Action) lifted from the teachings of the present application, not based on the disclosures of prior art. (See, e.g., page 10, lines 10-13 of the present application.) Indeed, the prior art could not possibly disclose this alleged motivation to combine, since it fails to teach the

[3] As discussed below in paragraph (A), the Atkinson reference does not make up for the deficiencies of the other references in this regard.

concept of publishing the identities of buyers in a pre-auction sale of shares (or any other "items").

(C) Regarding claim 5, applicant respectfully submits that the term "investor suitability" in the claim requires no further definition, as it is clearly understood in the securities industry as referring to whether an investor is of the kind for whom the IPO shares are a suitable investment. As so understood by those who are skilled in the corporate finance arts, "investor suitability" has nothing to do with a "likely buyer" in an internet marketplace, as referred to in the Sheehan reference.

(D) Regarding claims 10 and 11, the Examiner's proposal to combine the Maltzman and Buist references makes no sense. The securities auctions disclosed in Buist have nothing meaningful in common with the eBay-style auction website described in Maltzman.

(E) The combination of Maltzman and Sheehan with the Agarwal reference, as applied to claim 6 also makes no sense. Agarwal is concerned with issuance, underwriting and trading of securities, which is a totally different field of endeavor from the eBay-style or similar websites described in Maltzman and Sheehan.

(F) Regarding claim 9, applicant respectfully challenges the Examiner's purported taking of "Official Notice" that

> it is old and well known in the art to use a computer system or to calculate by hand, the expected amount to be received from pre-auction and auction bids and to use the computer system, or calculate by hand, whether or not the reserve price has been met and to decide whether or not to issue the IPO … .[Page 17, second paragraph of the present Office Action; emphasis added]

To the contrary, applicant strongly contends that of the concept of an IPO utilizing a pre-auction sale followed by an auction of remaining shares is newly proposed in the present application, and has never been known or utilized in the art of corporate finance. It is therefore respectfully submitted that the Examiner should produce a reference (if such exists) in regard to this claim limitation instead of attempting to rely on Official Notice.

(G) Regarding claim 12, the Examiner's proposed combination of Maltzman and Eckert is arbitrary and makes no sense. Eckert is concerned with a security that

is valued based on an athlete's or other celebrity's income, which clearly is not related at all to the eBay-style auction website that is the subject of Maltzman's disclosure.

CONCLUSION

Accordingly, Applicant respectfully requests allowance of the pending claims. If any issues remain, or if the Examiner has any further suggestions for expediting allowance of the present application, the Examiner is kindly invited to contact the undersigned via telephone at (203) 972-3460.

Respectfully submitted,

January 14, 2008
Date

/Nathaniel Levin/
Nathaniel Levin
Registration No. 34,860
Buckley, Maschoff & Talwalkar LLC
50 Locust Avenue
New Canaan, CT 06840
(203) 972-3460